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STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

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Analysis of Enrolled House Bill 5853

Topic: Special Liquor Licenses
Sponsor: Representative Jones
Co-Sponsors: There are 45 co-sponsors from both parties
Committee: House Regulatory Reform
Senate Economic Development, Small Business & Regulatory Reform

Date Introduced: March 14, 2006

Date Enrolled: December 13, 2006

Date of Analysis: December 11, 2006

Position: The Department of Labor & Economic Growth is neutral on the bill.

Problem/Background: Regulatory issues have recently arisen with respect to some liquor licenses issued to clubs for the sale of liquor to their members at their licensed location. Some clubs occasionally hold special dinners that are open to the general public as well as to their members. Other clubs rent their facilities to non-members for wedding receptions, anniversary parties, and other special events. Alcohol is served at both types of events. Under a strict interpretation of the Liquor Control Code, alcohol may only be served to members of the club.

Description of Bill: The bill amends Section 525 of the Liquor Control Code of 1998 by increasing the number of special licenses that may be issued to non-profit associations from 5 to 12.

Summary of Arguments

Pro: The bill will protect non-profit associations from regulatory problems associated with hosting occasional special dinners and renting their halls to the public for wedding receptions and other special events. The revenue resulting from such uses of their facilities is very important to the organizations and their charitable missions. A representative of the American Legion testified in committee that the state's 250 posts collected over \$600,000 last year which was donated to multiple charities.

Con: Increasing the number of special licenses could result in a significant increase in workload for the Liquor Control Commission. Although applications are required to be submitted at least ten days before the event, in practice many come in only a few days before the event. The Commission staff has traditionally done their best to satisfy these last-minute requests. A significant increase in the number of licenses will make it more difficult to continue doing so. Ultimately, the Commission may have to choose whether staff should be pulled away

from other license application processing in order to meet unanticipated special license application deadlines. Either way, processing time may suffer.

Fiscal/Economic Impact: The Liquor Control Commission currently has two staff people who work exclusively on applications for special licenses. The bill will increase the workload related to special licenses by an undetermined amount. The fee for a non-profit association is \$25 per day.

If the number of special licenses increases substantially, there may be an indirect impact on local law enforcement agencies, because Liquor Control Commission rules require that the written approval of the sheriff or chief of police accompany the application.

Other State Departments: No other state departments are affected.

Any Other Pertinent Information: The American Legion and the Fraternal Order of Eagles lodge in Charlotte testified in support of the bill. The Michigan Licensed Beverage Association and the Michigan Restaurant Association testified that they are neutral. The Liquor Control Commission does not oppose the bill.

Administrative Rules Impact: No new or revised administrative rules are anticipated.